A. Yes, several.

First, despite deposition notices requesting person(s) most knowledgeable, neither of BellSouth's witnesses have been able to speak with precision about the specific worktimes used in the cost study.

Second, and more fundamental, the structure of the two processes are fundamentally different. The current cost structure contemplates a single NRC for SL1 and SL2 loops respectively. Mr. Ainsworth's hot cut testimony contemplate **three such processes per loop type** – "individual, project and batch..."[40], i.e. three separate NRC rates for A.1.1 and A.1.2 respectively. It is undisputed that there must be a different rate for **at least two** of these processes, i.e. individual and batch. Ignoring all FCC testimony and orders proving the need for different rates, we still have the 030851-TP testimony of BellSouth's John Ruscilli:

> **Q. MR. VAN DE WATER (PAGES 27-28) AND MR. GALLAGHER (PAGE 14) CRITICIZES BELLSOUTH FOR NOT FILING THE COST STUDY YOU MENTION IN YOUR TESTIMONY (RUSCILLI DIRECT, P. 18). IS A COST STUDY RELEVANT TO THIS PROCEEDING?**
>
> A. No. The cost study BellSouth conducted of the batch hot cut process was done using BellSouth's cost model **with the inputs BellSouth contends are correct.** The estimated costs for the batch hot cut process were less than the original filed costs for the standalone loop; **however, they were still higher than the ordered loop rates set by this Commission because of the adjustments made by the Commission to the inputs**. To account for the Commission's Order, BellSouth applied the same adjustments and discounts that the Commission applied to BellSouth's filed costs for the loop that established the individual hot cut rate to the estimated batch hot cut rates. **This resulted in the proposed batch hot cut rate being approximately 10% below the ordered loop rate.** The rate is driven, therefore, not by BellSouth's cost study so much as by the Commission's UNE Cost Order. (Emphasis Added)

Supra Exhibit # DAN-24, surebuttal testimony of John Ruscilli, pg 17, lns 4-19

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[40] Direct testimony Ainsworth, pg 3, and ln. 2.

Yet, BellSouth now maintains that a batch hot cut process cost study was begun, but never completed. See Caldwell Sept. 21, 2004 depo tr., at pg. 6. This Commission can choose to believe Mr. Ruscilli or it can choose to believe Ms. Caldwell, but it cannot choose to believe both. Either way, BellSouth has yet to produce any cost study which directly addresses a UNE-P to UNE-L conversion, bulk or otherwise. To the best of Supra's knowledge, no CLEC is getting the benefit of a bulk rate. Supra did not,[41]. Yet it is indisputable that there should be two, or more, rates for NRC per loop type.

Only a single rate exists, and that rate only addresses BellSouth's recovery for performing the work to place a new loop into service. It does not address an already working UNE-P line to be converted to UNE-L.

Q. SHOULD THE SAME RATE BE USED FOR LOOP NRCS?

A. No. The FCC directed that the efficiencies of batch conversion be explicitly addressed In the TRO proceeding. Beyond that, Bellsouth arrived at a voluntary admission that the batch hot cut should be (at least) 10% lower than the A.1.1 rate, based on a cost study they have not filed and which Ms. Caldwell testified was never completed.

We have no reason to believe that the mysterious hot cut cost study does not erroneously have the additional 5 departments worktimes included per Ms. Caldwell in contradiction of Mr. Ainsworth[42], or how Mr. Ruscilli can conclude it is **only** 10% less if the study was never

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[41] Up until BellSouth refused to continue doing bulk conversion for Supra altogether, citing manpower limitations.

[42] Who testified he was not directly involved in the preparation of the cost study at all. See Ainsworth Sept. 21, 2004 depo. Tr., pg. 13.

completed[43], **but** we do know that the 10% savings **were based on ignoring every FPSC ordered factor or adjustment to the BellSouth cost studies in 990649-TP[44]!** How do we know this? Mr. Ruscilli says so in his rebuttal testimony, cited hereinabove.

The import of this is huge. BellSouth's initial cost study filing for the loop NRC **was significantly larger[45]** than what the FPSC ultimately approved. The magnitude of this difference is documented below in Table 5

ELEMENT TYPE	BELLSOUTH AUGUST 16, 2000 COST STUDY	FPSC AWARD	DIFFERENCE
A.1.1	[redacted]	$49.57	[redacted]
A.2.2	[redacted]	$135.75	[redacted]

Table 5 – Difference between FPSC award and "..the inputs BellSouth contends are correct"

The net effect is that if BellSouth had used the FPSC ordered adjustments in the mysterious / fictitious cost study testified to by Mr. Ruscilli, the cost reduction would be more significant than the 10% testified to by Mr. Ruscilli, as it would also include the $[redacted] / $[redacted] in FPSC ordered adjustments, which BellSouth still opposes and refuses to use in its calculations unless ordered to do so

Even more disturbing is the fact that, after BellSouth submitted its compliance filing in October 2000, which was intended to precisely duplicate the rates ordered by the Commission, the BellSouth calculated NRC for the A.1.1 cost study was only $46.50, based on the Commission ordered adjustments and a correction made by BellSouth to the WMC input. See

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[43] Caldwell Deposition.-

[44] See Supra Exhibit # DAN-24, surebuttal testimony of John Ruscilli Docket 030851-TP, pg 17, lns 4-19, particularly 12-14

[45] See Supra Exhibit # DAN-24, surebuttal testimony of John Ruscilli Docket 030851-TP, pg 18, LN. 6-8

Caldwell Sept. 21, 2004 depo tr., at pg. 23-4. Yet, the Commission kept the rate at $49.57, $3.07 higher than what it should have been. BellSouth has quietly been over-recovering its costs by this amount on every newly installed SL1 and SL2 loop since this rate was put into effect. Supra suggests that this Commission correct this oversight as it pertains to the non-recurring costs of installing a new SL1 loop, as BellSouth has been receiving a windfall since May 2001.

Q. DOES THE BULK, OR ANY OTHER HOT-CUT COST STUDY TESTIFIED TO BY MR. RUSCILLI EVEN EXIST?

A. BellSouth has had two years and three dockets to produce it in, and they have so far not offered anything other than the August 16, 2000 cost study **which this Commission already found invalid,** despite specific discovery requests to produce it. This, coupled with Ms. Caldwell's deposition testimony that it was never completed, and that she would be aware of any other BellSouth cost study created for regulatory filings, Supra can only conclude that to this very date, BellSouth does not have a cost study which describes the UNE-P to UNE- L hotcut process.

Q. AT PAGE 9, LN 10 TO PG 10, LN 6 MR. AINSWORTH IDENTIFIES BELLSOUTH'S INDIVIDUAL HOT CUT PROCESS. DOES SUPRA ACCEPT THIS PROCESS?

A. Generally, yes. While specific worktimes have yet to be addressed by BellSouth in response to Supra's discovery, or by the designated corporate witnesses deposed for this specific purpose, the process itself remains a viable basis for cost recovery.

Q. DOES SUPRA STILL HAVE ISSUES WITH BELLSOUTH'S HOT-CUT PROCESS AS TESTIFIED TO BY MR. AINSWORTH?

A. Yes. They are as follows:

1. Specific worktimes have yet to be addressed by BellSouths response to Supra's discovery, or by the designated corporate witnesses deposed for this specific purpose. While many departments have been eliminated from the cost study, Supra does not yet endorse the worktimes for those steps which remain; notably for the CWINS, CO Forces and I&M departments, among others.

2. BellSouth substantially reduced the worktimes for the WMC center[46] but admits that the single worktime listed is for both outside plant and Central office dispatch, but BellSouth cannot identify what fraction is for CO dispatch so the avoided cost of outside plant dispatch may be omitted where necessary.

3. Supra has been encouraged by the process improvements already completed, including the implementation of the e-mail notification processes, but Supra does remain concerned about the frequency of customer outages within 48 hours after conversion, after having been burned by this "feature" of the BellSouth OSS for resale orders in 1997-98, and UNE-P orders in 2001-2002 timeframes,

4. Furthermore, regarding the No Dial Tone (and other) loop outages following conversion, BellSouth recovers the cost for performing troubleshooting at the crossbox and the premises in the INPUTS_CONNECT&TEST, SSI&M and I&M department section of the October 8 Cost study[47], yet Bellsouth **continues to bill Supra, $80, 90, $110, up to $150 per occurrence** to repair these BellSouth caused outages, in some cases taking at least 4 such extra cost trips at Supra's expense to repair the outage caused by BellSouth's process.

5. The interconnection agreement between the parties specifies a completely different hot-cut process for UNE-L which was ordered to be placed into our agreement by the Commission based upon the AT&T arbitration in which Supra was not a party. The interconnection agreement

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[46] Although it reduced it worktime tenfold between the August 2000 and October 2001 cost studies, BellSouth continues to recover **ten times** the worktime filed in the October 8, 2001 cost study as the Commission considered this 10x factor as reported by the August 16, 2000 cost study and BellSouth did not seek to correct this error because it believed the FPSC factors were incorrect and t hat it was entitled to more.

[47]

should be amended to use the most efficient and forward looking process available.

Q. IN A PURE ANALYSIS – WHAT IS A HOT-CUT?

A. It is quite simply, exactly what BellSouth witnesses testified that it is during testimony in Docket 03-0851TP. That is:

> A hot cut, simply defined, is moving a jumper from one location to another. The hot cut itself involves basic network functions and skills that are used repeatedly in BellSouth's Network every day. The extensive number of customers being served in Florida by a combination of a BellSouth loop and a CLEC switch demonstrates that BellSouth has a hot cut process that works.

(Supra Exhibit # DAN-23 Direct Testimony of Kenneth Ainsworth in Docket 030851-TP at page 3)

> The hot cut case is simple because it involves a process that has been around for 100 years – moving a jumper from one location to another. BellSouth can do it, AT&T can do it, and MCI can do it.[48]

A hot cut is no less, but most importantly by BellSouth's sworn testimony, it is no more, either.

Q. IS THIS AN OVERSIMPLIFICATION OF THE ACTUAL BELLSOUTH PROCESS?

A. In my Direct Testimony I answered this question as follows:

> A. Perhaps, but if so the confusion is caused by BellSouth in pursuing the mutually exclusive goals of TRO simplicity, and achieving a maximum rate in this Docket. On the one hand, BellSouth asserts that each and every one of the steps costed in the A.1.1 and A.1.2 NRC cost study[49] are actually performed and properly costed before this commission **even though the exact process was**

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[48] See Direct Testimony of BellSouth's John A. Ruscilli in Docket No. 030851-TP, pg. 13, filed December 4, 2003.

[49] Indeed, BellSouth asserts that the August 16, 2000 cost study (Supra Exhibit # DAN-6, file FL-2w.xls) is the appropriate cost study (even though it does **not** reflect FPSC ordered adjustments which lowed BellSouth's $71+ estimate to the $49.57 rate we have today for a new A.1.1 loop.

developed and revised much later,. All told, this cost study accumulates the **thirty four (34)** individual work activities, performed by **nine (9)** different paygrades, in **seven (7)** separate departments. BellSouth now claims that such is a true and accurate assessment of its work activity in this docket where BellSouth is seeking the maximum possible rate. Yet, in the TRO proceeding, where the burden of proof is unequivocally on BellSouth, the hot-cut is defined by just **five (5)** work activity steps performed by three (3) departments.

Again, it has become crystal clear from the deposition of Mr. Ainsworth that the hot-cut process BellSouth actually uses, and is defined and described by the testimony of Mr. Ainsworth and Mr Milner in various Dockets is not the process for which the FL-2w.xls cost study describes.

Neither does the hot-cut process as defined by Mr. Ainsworth address any of the 8 Alternatives that he testifies to. In essence, there is no record evidence that states that Bellsouth a) is seeking, b) is entitled to, or c) is different than the work activities already testified to by Mr. Ainsworth. Lacking such testimony, or evidence, the rate should be based upon the process testified to by Mr. Ainsworth, and Bellsouth should be denied further cost recovery.

Q. DID BELLSOUTH EVER ACTUALLY PREPARE A HOT CUT COST STUDY?

A. No, despite Mr. Ruscilli's testimony in Docket 030851-TP , according to Ms. Caldwell (CITE Depo).

Q. IN YOUR DIRECT TESTIMONY YOU WERE ASKED "ACCORDING TO MR. AINSWORTH'S SWORN TESTIMONY IN THE TRO SWITCHING DOCKET,

030851-TP, WHAT PORTIONS OF THE FL-2W.XLS COST STUDY[50] ARE NOT LEGITIMATELY INCLUDED IN A HOT CUT NON-RECURRING COST? " HAS ANY NEW INFORMATION BEEN PROVIDED BY BELLSOUTH WHICH EITHER PROVES OR REFUTES YOUR INITIAL POSITION?

A. There are numerous worksteps of the [redacted] departments. A graphical comparison of these differences is seen by comparing Table 1 - Nonrecurring Labor tab from the October 8, 2001 cost study A.1.1 and A.1.2 to Table 2 - Nonrecurring Labor tab from the Supra Exhibit # DAN-45 Group 1 Copper UDLC Cost study cost study A.1.1 and A.1.2 showing the departments removed and worktimes reduced from the hot-cut cost recovery by Mr. Ainsworths deposition testimony, above. This alone should prove Supra's case, however to be specific and precise, the following issues which **are contained** within the NRC rate set for A.1.1 and A.1.2 elements **are not contained** within Mr. Ainsworth's hot cut definition[53], or flowchart[54] :

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50 Supra Exhibit # DAN-9, the OCTOBER 8, 2001 Compliance filing study

51 In my Direct testimony I testified to 9 department/paygrades. This was before Supra detected the inadvertent "multiply by zero" error in BellSouths October 8 cost study which resulted In the worktimes for the WMC department being nullified for A.1.1 element. Had the cost study been properly prepared, my earlier testimony would have reflected ten (10) department / paygrades.

52 11 for the A.1.2 element

53 Supra Exhibit # DAN-23 Direct Testimony of Kenneth Ainsworth in Docket 030851-TP at page 10

54 See Supra Exhibit # DAN-31 for Exhibit KLA-1 to Mr. Ainsworth's testimony.

Q. **SUPRA IS FILING A REVISED COST STUDY (SUPRA EXHIBIT # DAN-45) TO REPLACE ITS EARLIER FILED STUDY (SUPRA EXHIBIT # DAN-9). WHY IS THAT AND WHAT ARE THE DIFFERENCES?**

A. As a result of discovery received since filing testimonies, and the deposition testimony of Ms. Caldwell, and the currently incomplete deposition of Mr. Ainsworth, new information has been provided which:

1. Explicitly eliminates certain departments from participating in a UNE-P to UNE-L hotcut where the lop is served by Copper / UDLC [redacted] of all Bellsouth loops…)
2. Explicitly eliminates certain worksteps from the remaining [redacted] departments[55].
3. Addresses Ms. Caldwell's concern that worktimes were zeroed instead of the probabilities being adjusted.
4. Addresses the new information that [redacted] referred to by Mr. Ainsworths testimony.
5. Deals with the inconsistent method in which the probabilities were, or were not, included in formulas In the October 8 cost study.
6. Corrects undetected BellSouths errors in the October 8 cost study.
7. Indicates that Supra's reliance on Mr. Ainsworths testimony that "only 2:39" is needed to perform the hotcut in the Central office.

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[55] Listed in the October 8 2001 cost study.

8. Addresses fully the A.1.2 installation, the installation of subsequent A.1.1 and A.1.2 loops, and addresses the first and subsequent disconnect of the A.1.1. and A.1.2 loops. Supra's earlier cost study was incomplete except for the first install of the A.1.1 loop.

9. Addresses the double recovery of cost, disconnect where the October 8 cost study recovers the identical cost, for the identical activity **from both the disconnecting CLEC and the carrier to whom the line is being transferred.**[56]

While BellSouth may still not be ready to endorse Supra's cost study as being reflective of hotcuts form/to Copper/UDLC, this cost study represents Supra's best efforts to craft a cost study **based upon BellSouth testimony and discovery** so that an agreement might be reached.

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[56] This includes Bellsouth and / or all other CLECs. Where Bellsouth recovers a cost of performing a step on installation, the disconnecting carrier cannot be charged the same cost recovery, **even if the new carrier is BellSouth, who must pay its own share of installation costs and not place that burden upon the CLEC as it has done in this cost study.**

Q. WHAT SPECIFIC CHANGES WERE MADE TO THE BELLSOUTH COST STUDY TO CREATE THE REVISED GROUP 1 COST STUDY FOR UNE-P LOOPS WHICH REMAIN SERVED BY COPPER OR UDLC BEFORE AND AFTER THE CONVERSION?

IV.B. General

All worktimes previously modified in Supra's earlier revision of this cost study were restored the he BellSouth values (unless noted below) and the probabilities were altered per Ms. Caldwell's concerns.

[redacted]

[57] Which has no real effect as the probability is also zero.

[redacted]

[58] And the affidavit of Mr. Keith Milner in the Florida / Tennessee 271 proceeding.

[redacted]

[redacted]

Q. WHAT SHOULD THE RATE BE FOR NON-IDLC LINES?

A. The rate should not exceed $7.53 install / $0.7606 disconnect for SL1, and $8.69 / $0.7606 for SL2.

Q. ARE THERE ISSUES WHERE BELLSOUTH DOES NOT AGREE WITH THE SUPRA COST STUDY.

A. We don't know yet. They should with the exception of the worktimes for the CO Forces, and possibly the issues regarding the double recovery in disconnect of charges recovered from the next carrier. Otherwise this is as close to Mr. Ainsworths testimony as we could possibly make it.

Q. WHAT RATE DOES THE SUPRA COST STUDY INDICATE FOR A UNE-P TO UNE-L CONVERSION WHERE THE UNE-P LOOP IS SERVED BY COPPER OR UDLC?

Based upon Mr. Ainsworths deposition and the Supra cost study modified as stated above, Supra's previous position of $5.27 cents has changed to $7.53 install / $0.7606 disconnect for SL1, and $8.69 / $0.7606 for SL2.[59]. We have still been unable to depose anyone who can

[59] A.1.1, $.70 for A.1.2. See Supra Exhibit # DAN-45

testify as to the exact worktimes in the CO forces[60] with specificity, much less to resolve the difference between Mr. Ainsworth's testimony that the Central Office Forces take just 2:39 to actually perform a hot cut, BellSouths attempt to recover 15/20 mins for this activity, and new Bellsouth discovery which indicates they now seek 21/??? Minutes for this activity. Resolving this will have a noticeable effect on the final cost ranging between an final rate of $4.xx to $12.00. To date BellSouth has not provided any substantive responses to Supra's discovery requests to document precisely what work activities the BellSouth claim of 15 min(SL1) and 20 min (SL2) consist of except a list of work activities[61] which contain duplicative and avoided tasks[62] and a more recent list[63] containing activities and times which amount to **26 minutes** of the 10 minutes BellSouth claims for a SL1 Conversion. Supra will inevitably have to file one more revision to the cost study as a result of the upcoming round of depositions.

Q. ARE THESE THE LOWEST RATE(S) THE COMMISSION SHOULD CONSIDER?

A. No. There are substantive issues surrounding the fact that Supra left in its cost study certain work activities included In the A.1.1 / A.1.2 cost study (as described above) due to BellSouths refusal to provide information on said activities, which were later revealed to be absent from Mr. Ainsworth's TRO hot cut flowchart[64], or the Affidavit of Mr. Keith Milner in the Florida / Tennessee 271 proceeding.

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60 Or any other department.
61 But no times.
62 Per Deposition of Daonne Caldwell.
63 Created last February at my request but never sent to Supra until last weekend.
64 *See Supra Exhibit # DAN-31*

As such, Supra's cost study has been compromised by the current lack of discovery from BellSouth, and a full and open cost proceeding could, should, and will arrive at a lower rate still.

Q. DOES THIS FULLY ADDRESS THE ISSUE 3 COST ANALYSIS?

A. No. A bulk conversion process is mandated by the FCC and quite essential when one considers that Supra has upwards of 20,000 UNE-P lines in some offices. BellSouth has proposed a bulk conversion process, and even created a cost study. Once Supra has had a chance to review BellSouth's cost study and proposed worktimes and processes, it will be in a better position to state exactly what the appropriate costs should be for such.

Q. WHAT DOES THAT LEAD YOU TO CONCLUDE ABOUT A BULK HOT CUT RATE FOR LOOPS SERVED BY COPPER OR UDLC?

A. It must be **at least 10%** less than the individual hot-cut cost, but again, until Bellsouth shares the process and identifies the cost savings as requested, we cannot be more explicit.

V. ISSUE 4 - SHOULD A NEW NONRECURRING RATE BE CREATED THAT APPLIES FOR A HOT-CUT FROM UNE-P TO UNE-L, WHERE THE LINES BEING CONVERTED ARE SERVED BY IDLC, FOR (A) SL1 LOOPS AND (B) SL2 LOOPS? IF SO, WHAT SHOULD SUCH NONRECURRING RATES BE?

Q. AT PAGE 9, LN 10PG 10, LN 6 MR. AINSWORTH IDENTIFIES BELLSOUTHS INDIVIDUAL HOT CUT PROCESS. DOES SUPRA ACCEPT THIS PROCESS FOR IDLC CONVERSIONS?

A. Yes. Although Mr. Ainsworth does not offer any specific changes, or versions of this procedure to implement the "8 Methods" for IDLC conversion which he testifies about, the reason for that may be understood by previous testimony of BellSouth witnesses in 990649.

Q. IN DEFINING "NON-RECURRING COST", SHOULD SUBCATEGORIES BE RECOGNIZED IN DEALING WITH WHETHER THE COST SHOULD BE RECOVERED AS NONRECURRING OR RECURRING?

A. Yes. Task related non-recurring costs that repeat, each time an ALEC or ILEC places a service order are a legitimate non-recurring charge. For example, the non-recurring cost to move a cross-connect, or change the carrier code from ILEC to ALEC in the OSS is directly related to the service provisioned.

Within that category, non-recurring costs to convert a working circuit to another carrier are different than placing a circuit in operation at a given address. The current structure of just one non-recurring rate per UNE loop is allowing the ILEC undue enrichment for activities that are not performed. For example, the non-recurring cost to combine NID, Subloop distribution and

Subloop feeder components together into a full loop to the customer is a cost that is substantially higher than the non-recurring cost to switch an existing, in-service loop from one carrier to another. Yet with the exception of the limited scope of order PSC-98-0810-FOF-TP[65], most ALECs in Florida are paying charges for placing a loop in service, for the first time, whenever they order a conversion of a working circuit.

The non-recurring costs of infrastructure, purchase, and construction is a cost to be shared by the carriers using the facility, over the useful life of the facility. Beyond this point the cost model needs to deal with the facility in a different fashion depending upon whether it remains in service or not.

Q. DOES THE TESTIMONY OF BELLSOUTH WITNESS VARNER AND SPRINT WITNESS SICHTER IN DOCKET 990649-TP SHOW ILEC AGREEMENT ON THIS ISSUE?

A. A. Yes. Sprint witness Sichter states that "To the extent that high non-recurring charges are a significant barrier to competitive entry, it may be appropriate to require at least a portion of those non-recurring charges through recurring rates. This is in recognition of the FCC's continued efforts to ensure that such non-recurring rates could and might be used by an ILEC to prevent a new competitive carrier from competing with the ILEC in a given area or on a specific

[65] Page 55-56

product. Unfortunately his final conclusion on this issue ignores this statement in favor of financial protection for the ILEC.

BellSouth witness Varner then goes on to make statement that "In a competitive environment, a provider's ability to predict how long an ALEC will remain on the provider's network is limited "[66]. Sprint witness Sichter states "... the incumbent LEC is financially exposed if the ALEC discontinues service before the non-recurring costs are fully recovered."[67] Whether it is the high cost burden of current non-recurring charges that causes an ALEC to discontinue leased services, or other reasons, both Sprint and BellSouth indicate that users of facilities will change over the life of the facility.

In spite of their recognition that there must not be barriers to entry in the competitive market, and that the users of facilities will change over time, both ILEC witnesses go on to ask the commission for financial protection from an ALEC who cancels service early!

This limited view of reality is trying to deal with non recurring costs related to the first user, rather than the life of the facility. It ignores the fact that over the useful life of the facility, the ILEC itself may well be a user of the facility. It also ignores the fact that due to universal service, a large portion, if not all of the listed UNEs would have to be constructed anyway. Therefore when an ALEC is not leasing a specific UNE, the ILEC may still be generating revenue from it, either by leasing or from Universal Service funds.

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[66] BellSouth witness Varner page 33, line 13.
[67] Sprint witness Sichter page 26, line 3.

The non-recurring infrastructure charges should be apportioned between the ILEC and all ALECs based upon who has "ownership" of the facility in a given month. These charges should be assessed throughout the amortized life of the equipment. Any attempt to charge non-recurring infrastructure costs to the first user of a facility at a higher rate than subsequent users of the facility violates creates an unnecessarily high barrier to entry.

Q. HOW DOE THESE POSITIONS FROM THE GENERIC UNE DOCKET IMPACT THE DECISIONS IN THIS DOCKET?

A. Simply put, the costs for constructing, or adding facility capability must be spread across all ultimate users and not concentrated upon the first carrier who utilized the new arrangement. As such the non-recurring costs for alternative 7 &8 should be recovered through a recurring charge, and the nonrecurring charges for actually using the new facilities be the same fro Alternative 3 a for 7&8. Similarly the NRC for Alternative 5 and 6 should be the same, with the installation costs for Alternative 6 are recovered through a recurring charge, such that the NRC for Alternative 5 & 6 are identical.

Q. CAN YOU PROPOSE A TEST TO DETERMINE WHETHER A COST SHOULD BE INCLUDED IN THE RECURRING CHARGE?

A. Well defined, repetitive costs related to service provisioning should remain non-recurring costs. However the cost of placing a loop in service should recognized as substantially different from converting an existing, in-service loop from one carrier to another. The non-recurring rates

set by this commission should reflect these very different costs. This is true whether the new carrier is provisioning service via UNE combination[68] or directly from their own facilities based equipment.

This test addresses witness Varner and Sichters concern[69] that an ALEC might cancel service earlier than expected. The ALEC is billed direct costs of provisioning service as a non-recurring rate, and construction costs are assessed to all users over the life of the facility.

Another test for whether a non recurring cost should be separate from the recurring charge are ICB charges. Typically all ICB costs are actually infrastructure construction – they vary depending on physical circumstances and cannot be modeled specifically. ICB charges should be included in recurring rates where they get picked up by the cost model and apportioned to all users.

Q. ARE THERE TRULY 8 DIFFERENT METHODS?

A. No. Yet there should be at least one additional method which has not been addressed on this list.

First, after reflecting on the cost recovery rules stated above, there are not 8 distinct methods, as 3 of the methods (Alternatives 6, 7, and 8) are simply doing infrastructure re-arrangement, or construction in anticipation of using the constructed facilities to actual do a

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[68] As provided for by this commission in PSC-98-0810-FOF-TP, conclusion on pages 55-56.
[69] As testified to in 99-0649-TP.

conversion via Alternative 5 (from Alternative 6) or Alternative 3 (from Alternative 7 or 8). As previously testified to by BellSouth witnesses Varner and Sichter outlined above, it is BellSouth's position that to be in compliance with FCC orders, such infrastructure construction is properly recovered under a recurring cost, not a non-recurring charge imposed on the "first adopter", but spread evenly across all carriers, CLEC or ILEC, who benefit from that facility. Therefore Alternatives 6, 7 and 8 should not be separately addressed from the root alternatives 3 and 6, but included as single groups.

Q. HOW CAN ONE CLASSIFY THE "8 METHODS" FOR CONVERTING IDLC SERVED UNE-P TO UNE-L IN SIMPLE TERMS?

A. Supra uses the following designations:

Alternative 1 – Convert IDLC served loop to Copper (Method 1 full loop reassign)
Alternative 2 – NGDLC virtual Remote Terminal on existing loop.
Alternative 3 – Convert IDLC Served loop to Copper – (Method 2 subloop reassign), or UDLC
Alternative 4 – Utilize INA or other DCS connected IDLC system on existing loop or move to such system.
Alternative 5 – Class 5 switch – Switch mod hairpin to sidedoor for newer Lucent switches.
Alternative 6 – move service to a different loop so that Alternative 5 may be utilized
Alternative 7 – Install UDLC system(s) so that Alternative 3 may be used.
Alternative 8 – Convert IDLC to UDLC so that Alternative 3 may be used.

Q. WHAT IS THE NINTH METHOD WHICH SUPRA REQUESTED FROM BELLSOUTH, BEFORE BEING GIVEN A COPY OF THE "8 METHODS"?

A. Additionally, Supra originally suggested to BellSouth that due to the vast numbers of Supra customers[70], that BellSouth move[71] all Supra lines in a remote terminal on one or more DLC(s) assigned for Supra use. After discussion on this issue, BellSouth asked if Supra was willing to pay for the entire DLC system, whether fully used or not. Supra agreed, anticipating that the UNE elements identified by Element A.3.x could be used.

(Not identified by BellSouth)

Alternative 9 - Lease Supra entire IDLC systems at the rates established by this commission for elements for A.3.x, sited in a remote terminal.

However, despite providing a CLEC ordering manual for this UNE[72] BellSouth has refused outfight to allow Supra to purchase this method of access to Subloops when it exists in a remote terminal or b to have the A.3.x element connected to a BellSouth subloop. According to BellSouth, the A.3.x loop concentration system cannot be used with a BellSouth provided subloop (A.2.x), even though the BellSouth product manager, Jerry Latham, has told Supra it is technically feasible to do so.

Q. IS THERE A WAY TO SIMPLIFY THE COPPER UDLC AND THE NINE IDLC CONVERSION METHODS SO AS TO AVOID PRODUCING 11 DIFFERENT COST STUDIES FOR THIS ISSUE?

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[70] approximately ½ of all competitive lines statewide based upon Last March's TRO testimony

[71] i.e. "groom".

[72] See Supra Exhibit # DAN-51, BellSouth UNE Loop concentration CLEC manual.

A. Yes. Supra has combined these alternatives into groups for analysis of cost based upon the work to be actually done, and ignoring construction of facilities, which by BellSouth's own testimony, is properly supported under the existing structure to capture recurring costs.

These groups are:

Issue 3

Group 1 - Copper or UDLC served UNE-P loops[73].

Issue 4

Group 2 – IDLC Alternative 1, 3, 7 and 8. – Move to copper or UDLC[74].
Group 3 – IDLC Alternative 2 – NGDLC virtual Terminal[75]
Group 4 – IDLC Alternative 4 – INA and DCS served IDLC (similar to Group 3)[76]
Group 5 – IDLC Alternative 5 and 6 – Switch Side door (similar to Group 3)[77]
Group 6 – Use of the A.3.x UNES connected to A.2 subloops in a remote terminal.

When the alternatives are grouped in this fashion, it becomes quite simple to apportion the costs for the various methods into individual rates for separate activities (such as Supra has requested in this Docket), or into a more monolithic statewide rate as advocated by BellSouth. It is a simple matter of allocating the methods by the factors which define the distribution of such devices within the BellSouth network. By apportioning the costs based upon the statewide deployment, BellSouth's interests are protected – they may achieve full cost recovery without having to resort to a single monolithic NRC rate statewide. And Supra then pays only for what it uses, and is not compelled to subsidize another CLEC's[78] business plan by paying for labor it never enjoys. Similarly, the weighted average of the various group rates will equal the statewide rate, if the latter was properly calculated in the first place.

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73 See Supra Exhibit # DAN-45
74 See Supra Exhibit # DAN-46
75 See Supra Exhibit # DAN-47
76 See Supra Exhibit # DAN-48
77 See Supra Exhibit # DAN-49
78 Or BellSouth

Q. HOW SHOULD SO MANY DIFFERENT PROCESSES, EACH WITH ITS OWN COST, BE ADDRESSED BY THE COMMISSION IN SETTING A RATE?

A. Supra believes the rate should reflect the work actually done on its behalf as this Commission previously ordered in PSC-01-1181-FOF-TP, and if there must be a single IDLC conversion rate, than that rate must be weighted appropriately based upon the percentage of loops served by a given "alternative" technology. Based upon BellSouth's response to Supra Interrogatories #20-24 (Supra Exhibit # DAN-42) and Supra's analysis and calculations upon that (Supra Exhibit # DAN-43) we are given the following picture of loop service methods in BellSouth's Florida network:

LOOP SERVICE METHOD	LINECOUNT	PERCENT	SUPRA	BELLSOUTH
Copper	3,250,835	53.46 %	Group 1&2	Copper, Alt. #1, 3, 7, 8.
IDLC – Not NGDLC.	1,198,017	19.70 %	Group 4	Alternative 1, & 4
IDLC – NGDLC	1,108,435	18.23 %	Group 3	Alternative 2
UDLC - – Not NGDLC	355,980	5.85 %	Group 1	Alt. #1, 3, 7, 8.
UDLC – NGDLC	167,211	2.75 %	Group 2	Alternative 2
DLC/NGDLC sidedoor	8,259	0.1%	Group 5	Alternative 5 & 6
	6,080,478	**100 %**		

Table 6 - Linecount and Percentage by serving Method - BST Florida

This data shows that Supra's Copper / UDLC cost study is applicable to more than 62% of all loops in Florida. As Supra's study, based on Mr. Ainsworth's hot-cut process, is less than 25% the cost of the existing A.1.1 loops NRC, this becomes a significant factor in Supra's wholesale cost.